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Employee FAQ:

PAYPRO Health Savings Account (HSA)

What is a Health Savings Account (HSA)?

An HSA is a special bank account owned by an individual where contributions to the account are used to pay for current and future medical expenses.

Who is eligible?

- Individual must be covered under a qualified high deductible health plan (HDHP)
- Individual must be below Medicare eligibility age
- Individual cannot be covered under any other health plan.

How do HSAs work?

The HSA must be combined with an HDHP which covers serious illness or injury, while the HSA pays for medical expenses until the deductibles are met.

Contribution source:

Individual (or on behalf of the individual) and/or employer

Contribution limits for 2026:

Up to 100% of deductible with a maximum cap determined by the IRS each year.
- $4,400 individual coverage
- $8,750 family coverage

Deductible minimums:

- $1,700 single
- $3,400 family

Maximum out-of-pocket:

Includes deductible and any expenses incurred once deductible is met.
- $8,500 single
- $17,000 family

What are some of the major advantages of HSAs?

- HSAs are owned by the individual (not an employer)
- The individual decides:
  - Whether he or she should contribute
  - How much to use for medical expenses
  - Which medical expenses to pay from the HSA account
  - Whether to pay for medical expenses from the HSA account or save it for future use
  - What type of investments are used to grow the account
- Tax advantages – Contributions are tax-free, potential interest gains accumulate tax-free, and distributions are tax-free when used to pay for qualified medical expenses.
- Flexibility – HSAs roll over from year to year, and since the HSA account belongs to the individual, the account is portable if the individual changes jobs. All amounts in the HSA are fully vested, and unspent balances remain in the account until spent.

For more information, call 951.656.9273